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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a
Successor to Existing Net Energy Metering Tariffs
Pursuant to Public Utilities Code Section 2827.1,
and to Address Other Issues Related to Net
Energy Metering.

Rulemaking 14-07-002
(Filed July 10, 2014)

**ADMINISTRATIVE LAW JUDGE'S RULING (1) ADDING RESPONDENTS AND
(2) PROVIDING INTERIM DIRECTION TO CALIFORNIA ELECTRIC UTILITIES
ON ACCOUNTING FOR FUNDS FOR IMPLEMENTATION OF
ASSEMBLY BILL 693**

Background

Assembly Bill (AB) 693 (Eggman), Stats. 2015, ch. 582, establishes the Multifamily Affordable Housing Solar Roofs Program (Multifamily Program) to provide financial incentives for installation of solar energy systems on multifamily affordable housing properties, as specified in the statute.¹ The implementation of AB 693 was added to the tasks of the second phase of this proceeding by the Second Amended Scoping Memo and Ruling of Assigned Commissioner (March 4, 2016).

AB 693 both sets up the Multifamily Program and specifies sources of funding for it. Section 2870(c) provides that:

The Commission shall annually authorize the allocation of one hundred million dollars (\$100,000,000) or ten percent of available funds, whichever is less, from the revenues

¹ The legislation amends Pub. Util. Code § 748.5 and adds new Pub. Util. Code § 2870. All further references to sections are to the Public Utilities Code unless otherwise indicated.

described in subdivision (c) of Section 748.5² for the Multifamily Affordable Housing Solar Roofs Program, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 20, 2020. The commission shall continue authorizing the allocation of these funds through June 20, 2026, if the commission determines that revenues are available after 2020 and that there is adequate interest and participation in the program.

Respondents

The original respondents in this Order Instituting Rulemaking (OIR) are Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). In Decision (D.) 12-12-033, the Commission established a framework for PG&E, SCE, SDG&E, Liberty Utilities (CalPeco Electric) LLC (Liberty), and PacifiCorp to distribute proceeds of greenhouse gas (GHG) allowances allocated to electric investor-owned utilities (IOUs) in furtherance of the goals of the Global Warming Solutions Act of 2006 (AB 32), to their customers. The GHG allowance proceeds identified in Section 748.5 and called out in Section 2870 are those of “an electrical corporation,” a category that includes Liberty and PacifiCorp. Since their GHG allowance proceeds may be part of the funds for

² Section 748.5, as amended by AB 693, provides:

The commission may allocate up to 15 percent of the revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations, for clean energy and energy efficiency projects established pursuant to statute that are administered by the electrical corporation, or a qualified third-party administrator as approved by the commission, and that are not otherwise funded by another funding source.

implementation of AB 693, Liberty and PacifiCorp should be added to this OIR as respondents.³

Accounting

Generally, PG&E, SCE, and SDG&E file energy resource recovery account (ERRA) forecast applications and Liberty and PacifiCorp file energy cost adjustment clause (ECAC) forecast applications each year. As part of their ERRA or ECAC forecast applications, IOUs include their forecasts of GHG allowance proceeds for the upcoming year and show how these proceeds will be allocated to clean energy or energy efficiency programs (such as the AB 693 Multifamily Program) and to eligible customers based on methodologies the Commission has approved. (*See* D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.)

Because AB 693 directs the Commission to authorize the allocation of funds starting with the fiscal year beginning July 1, 2016, it is prudent for the IOUs to account for this allocation in their respective ERRA and ECAC forecast applications for 2017.⁴ Although the ERRA and ECAC proceedings have mechanisms to true up forecast and actual allowance proceeds, it is likely that including an estimate of funding to be set aside for the new Multifamily Program will result in more accurate calculations of proceeds distributions and minimize true-ups needed in future years.

³ Bear Valley Electric Service, the remaining small California IOU, was put on a separate track for distributing its minimal GHG allowance proceeds to its customers. (D.12-12-033, Ordering Paragraph 4.) It is therefore not covered by this ruling and is not required to participate in this proceeding, though it may choose to do so.

⁴ Although the IOUs receive their GHG allowances and forecast the proceeds on a calendar year basis in their ERRA and ECAC applications, AB 693 requires that funds for the Multifamily Program be authorized on the basis of the State's fiscal year.

For their 2017 ERRA (for PG&E, SCE, and SDG&E) or ECAC forecast applications (for Liberty and PacifiCorp), therefore, the IOUs should take the following steps to estimate the funds to be allocated to the Multifamily Program.

1. To estimate the funds to be allocated to the Multifamily Program from July 1, 2016 through December 31, 2016, each IOU should:
 - a. Calculate five percent (half of the ten percent annual authorization) of its recorded 2016 GHG allowance proceeds;
 - b. Include this value on line 14, "Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs (\$)" in the 2016 "recorded" column of Template D-1.⁵
2. To estimate the funds to be allocated to the Multifamily Program from January 1, 2017 through December 31, 2017, each IOU should:
 - a. Calculate 10% of its forecast 2017 allowance proceeds;
 - b. Include this value on line 14, "Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs (\$)" in the 2017 "forecast" column of Template D-1.
3. To clarify this process, in its testimony accompanying its ERRA or ECAC forecast application, each IOU should:
 - a. Identify this ruling as the source of the values entered on line 14;
 - b. Explain that these amounts have not been explicitly approved in another proceeding, but have been ordered to be put on this line by this ruling, as the most reasonable

⁵ D.14-10-033 approved a series of templates for IOUs to use in their ERRA or ECAC applications.

line of the template to account for the funding to be used for this new statutory program.

As the Commission continues to implement AB 693, the mechanisms to account for funds to be used to implement the Multifamily Program may be reviewed. The directions for ERRA and ECAC filings given in this ruling will continue to apply unless they are explicitly changed by a subsequent ruling or Commission decision.

IT IS RULED that:

1. Liberty Utilities (CalPeco Electric) LLC is made a respondent in this proceeding.
2. PacifiCorp is made a respondent in this proceeding.
3. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must each include in their ERRA forecast applications for 2017 the information regarding funding for the Multifamily Program identified in this ruling, in the format set forth above.
4. Liberty Utilities and PacifiCorp must each include in their ECAC forecast applications for 2017 the information regarding funding for the Multifamily Program identified in this ruling, in the format set forth above.
5. This ruling must be served on each of Liberty Utilities and PacifiCorp at the Commission's address of record for each utility, attached to this ruling as Attachment A.

Dated March 18, 2016, at San Francisco, California.

/s/ ANNE E. SIMON
Anne E. Simon
Administrative Law Judge

ATTACHMENT A

Addresses for Added Respondents

Liberty Utilities (CalPeco Electric) LLC

933 Eloise Ave
South Lake Tahoe, CA 96150

PacifiCorp

825 NE Multnomah Street, Suite 2000
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(END OF ATTACHMENT A)